

**January 23, 2006**

## **MCC Responds to Armenia's President and Foreign Minister**

Washington, D.C.— On December 19, 2005, the Board of Directors of the Millennium Challenge Corporation (MCC) approved a five-year \$235.65 million Compact with the Republic of Armenia, but expressed concern over reports of irregularities in a November referendum on reforms to Armenia's constitution. MCC CEO Ambassador John Danilovich outlined these concerns in a letter to Armenian President Robert Kocharian and urged the Armenian government to take additional steps to demonstrate its commitment to the fundamental principles underlying Millennium Challenge Account-eligibility: ruling justly, investing in people, and promoting economic freedom.

Recently, Foreign Minister Vartan Oskanian responded to Ambassador Danilovich's letter and openly stated Armenia's commitment to MCC's principles. The link below provides the complete text of Minister Oskanian's letter:

[http://www.armeniaforeignministry.com/pr\\_06/060112\\_washington.html](http://www.armeniaforeignministry.com/pr_06/060112_washington.html)

Ambassador Danilovich has recommended to the MCC Board that it proceed with the signing of the MCC Compact with the Republic of Armenia. In the attached letter to President Kocharian dated January 18, 2006, Ambassador Danilovich also notes clearly that MCC will continue to pay specific attention to the Government of Armenia's performance in the "Ruling Justly" category.

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*Millennium Challenge Corporation (MCC), a U.S. government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty.*



## Millennium Challenge Corporation

Reducing Poverty Through Growth

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John J. Danilovich  
Chief Executive Officer

January 18, 2006

His Excellency Robert Kocharian  
President of the Republic of Armenia  
Yerevan

Dear President Kocharian:

I wish to thank you and Vartan Oskanian, Minister of Foreign Affairs, for your letters dated December 22, 2005, and January 12, 2006, respectively.

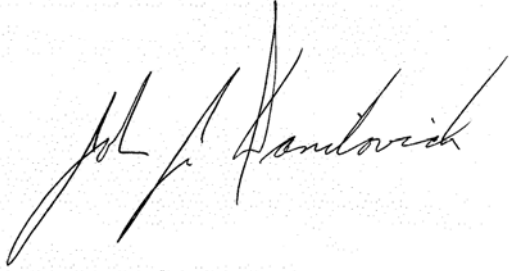
As expressed in my letter of December 16, the Millennium Challenge Corporation (MCC) Board of Directors' decision to approve the Millennium Challenge Compact with the Republic of Armenia was delayed due to concerns over the irregularities reported during the conduct of the November 27 constitutional referendum. These irregularities will most likely have a negative effect on Armenia's MCA eligibility indicators, specifically those in the "Ruling Justly" category. In my letter, I suggested a number of corrective steps the Armenian Government might take to demonstrate its commitment to the fundamental principles underpinning Armenia's eligibility for MCA assistance.

On reading your letter, I was pleased to note your Government's commitment to sustaining the democratic reforms that are essential to good governance. Minister Oskanian's subsequent letter elaborated on the nature of the irregularities in this instance and set forth a range of actions by the Armenian Government to re-establish its track record of commitment to improve its good governance generally. Specifically, I am encouraged by his recognition that the referendum has become an "occasion for doubt and irregularities" and I am heartened by your Government's commitment to pursue existing cases of fraudulent voting activity and violence against journalists, as well as your receptivity to outside assistance for training in election preparation, administration and monitoring.

I look forward to your Government making Minister Oskanian's January 12 letter to me available to the public. I believe that these actions cumulatively represent movement in the right direction, thus providing sufficient reason for me to recommend to the MCC Board that we proceed with signing the Millennium Challenge Compact with the Republic of Armenia. We will, however, continue to closely monitor developments, with specific attention to your Government's performance in the "Ruling Justly" category. As you know, significant slippage in the indicators or actions inconsistent with the principles that support Armenia's eligibility can result in the suspension or termination of our Compact, even after the program is underway.

Thank you again for your and Minister Oskanian's letters and I look forward to the signing of the Compact.

Sincerely,  
John J. Danilovich

A handwritten signature in black ink, appearing to read "John J. Danilovich". The signature is written in a cursive style with a large, stylized initial "J" and "D".